



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PROM

21 MAR 97

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Government-Wide Commercial Purchase Card Program,
Contracting Information Letter (CIL) 97-24

1. Reference:

- a. Army Chief of Staff memorandum, 3 Mar 97, SAB (encl 1).
- b. SARD-PS memorandum, 27 Feb 97, subject: Support for Javits-Wagner-O'Day (JWOD) Act Agencies (encl 2).
- c. Army Acquisition Reform Bulletin #49, 5 Mar 97 (encl 3).
- d. AFRM-RI-PS (SAFM-FO/21 Feb 97) 1st End, 11 Mar 97, subject: Prompt Payment Act (PPA) Interest (encl 5).

2. General Reimer's goal for the Army is that 90 percent of simplified actions \$2500 or less be accomplished with the purchase card (encl 1). The FORSCOM goal remains at 95 percent.

3. As of 28 Feb 97, FORSCOM installations achieved a cumulative 97.6 percent usage of the card for micropurchase actions. All installations exceeded Army's 90 percent goal. The Army leads DOD, and FORSCOM leads the Army. Congratulations!

4. The National Industries for the Blind (NIB) stores are a real success story at Forts Bragg and Drum. Army acquisition officials view the NIB store as an excellent example of support for the JWOD Program, which is a mandatory source of supply (encls 2 and 3). We encourage you to explore the benefits which can accrue from partnering with JWOD Agencies to promote acquisition reform.

5. To achieve additional savings with the International Merchant Purchase Authorization Card, the FORSCOM Chief of Staff will soon request that Installation Commanders expand the program to reap economies of scale through master agreements. At encl 4 are some suggestions for the Directorate of Contracting which will be included with the memorandum to your commander. We believe that by using master agreements, electronic shopping, Blanket Purchase

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Agreements with Multiple Award Schedule vendors, and NIB supply stores, cardholders can shop smarter without incurring large administrative costs.

6. Installations may be responsible for Prompt Payment interest penalty charges incurred as a result of not only their own actions, but also those of the paying office (encl 5). We recommend that you use the purchase card for payment purposes rather than assign this responsibility to DAOs/OPLOCs (other than the Indianapolis and Columbus Centers.)

7. For additional information regarding this CIL, please contact Mrs. Pat Boterweg, DSN 367-5486 or commercial (404) 464-5486.



TONI M. GAINES
Chief, Contracting Division, DCSL&R
Principal Assistant Responsible
for Contracting

5 Encls
as

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COMMANDERS

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UNITED STATES ARMY
THE CHIEF OF STAFF

3 March 1997

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Government-Wide Commercial Purchase Card Program

1. On January 11, 1996, I established a goal of obtaining 80 percent of the Army's simplified purchases, valued at and below \$2,500 (micro-purchases), with the Government-Wide Commercial Purchase Card. The goal was established to realize the savings the use of a commercial business practice can achieve when it replaces the burdensome Defense procurement process. The Army Audit Agency identified savings to be, on average, \$92 when the card is used versus obtaining the same supplies/ services with a purchase order (Audit AA 97-58, dated January 7, 1997).
2. During Fiscal Year 1996, the Army used the card for 72 percent of its micro-purchases. The goal of 80 percent, while aggressive, was an achievable one. I recognize the significant growth which occurred in the program during Fiscal Year 1996, however, we must strive for continuous improvement and to maximize available savings through acquisition reform. Therefore, I am asking you for your support in using the card for 90 percent of simplified acquisitions valued at and below \$2,500.
3. I ask each of you to be personally involved in efforts to further streamline the process of acquiring low cost supplies and services with the purchase card and in reaching this goal. Statistics on individual Command performance during Fiscal Year 1996 are attached to assist you in identifying areas where significant growth is available. The savings and cost avoidances from this program are essential if we are to fund readiness and modernization requirements for Force XXI.

DENNIS J. REIMER
General, United States Army
Chief of Staff

Attachment

Encl 1

GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD

| | (1) CARD | (2) OTHER | (3) TOTAL | (1/3) % |
|---------|-------------|--------------|--------------|------------|
| MACOM | 522,662 | 34,964 | 557,626 | 94% |
| FORSCOM | 38,083 | 8,042 | 46,125 | 83% |
| USAPAC | 37,358 | 1,933 | 39,291 | 95% |
| DSSW | 20,419 | 2,758 | 23,177 | 88% |
| MRMC | 1,033 | 139 | 1,172 | 88% |
| SSDC | 266,249 | 80,807 | 347,056 | 77% |
| TRADOC | 222,946 | 155,099 | 378,045 | 59% |
| COE | 176,643 | 56,595 | 233,238 | 76% |
| AMC | 132,765 | 191,996 | 324,761 | 41% |
| NGB | 110,030 | 64,226 | 174,256 | 63% |
| MEDCOM | 25,665 | 9,553 | 35,218 | 73% |
| MDW | 5,991 | 7,758 | 13,749 | 44% |
| SOC | 4,921 | 37,721 | 42,642 | 12% |
| KOREA | 3,266 | 45,513 | 48,779 | 7% |
| USAEUR | 1,877 | 768 | 2,645 | 71% |
| INSCOM | 1,762 | 478 | 2,240 | 79% |
| USAISC | 1,064 | 2,743 | 3,807 | 30% |
| MTMC | | | | |



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

MAR 03 1997

REPLY TO
ATTENTION OF

27 FEB 1997

SARD-PS

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Support for Javits-Wagner-O'Day Act Agencies

The Javits-Wagner-O'Day (JWOD) Program was established to generate employment and training opportunities for people who are blind or who have other severe disabilities. It is a mandatory source program for supplies and services enacted under Public Law 92-28 and implemented at FAR PART 8. The JWOD Program central nonprofit agencies are National Industries for the Blind (NIB) and National Industries for the Severely Handicapped (NISH).

Last year the JWOD Program created over 30,000 positions for individuals in nonprofit agencies employing people who are blind or severely disabled, and paid such individuals more than \$150 million in wages.

This program offers the Federal Government quality supplies and services at reasonable prices with on-time delivery. The Army is a strong supporter of JWOD programs and a major customer for NIB/NISH supplies and services. The range of products made by these agencies extends well beyond the more familiar sewn products and writing instruments. A catalog of supplies and services may be obtained by calling 1-800-433-2304. Examples of services that are available from these agencies include the operation of Self Service Supply Centers (SSSC) and mess attendant services in military dining facilities. I visited sites where these services are performed, and my observation, confirmed by users, is that supplies and services are efficiently and professionally delivered.

The advantages of tapping available JWOD resources were most recently demonstrated when, in order to respond to the supply problems caused by SSSC closures, commanders entered into agreements with NIB agencies to operate stores on their installations. Customers for the supplies previously available from SSSCs, were forced to shop downtown or order and wait for delivery of supplies from distant retail Government or commercial sources. Those Army installations that have established SSSCs operated by JWOD agencies are now stocked with a mix of items from GSA



Encl 2

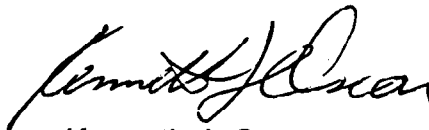
sources, NIB/NISH produced items, and commercially supplied products. Items not stocked are obtained rapidly. Payments by customers are made by using the Government IMPAC Card.

Benefits reported by installation Directors of Logistics and Contracting include the following:

- o Immediate fulfillment of supply needs.
- o Reduced paperwork.
- o Large selection of authorized items.
- o Opportunity to view items purchased.
- o Support for contingency operations within hours of notification.
- o Savings on the cost of items.
- o Liberal return policy.
- o Government manpower not used.
- o Recycles items, i.e., toner cartridges.
- o Fulfills requirements of JWOD program.

The JWOD Program, compatible with acquisition reform, can be an effective vehicle for outsourcing service requirements currently provided by a Government staff. Customers are better served, enhancing the overall readiness of the Army, and we fulfill our obligation to support the JWOD Program's objective to provide employment to our fellow citizens who are blind or severely handicapped, a win-win result.

If you would like additional information on the JWOD Program, or want help to increase its utilization in accomplishing your mission, call Ray Kelly, DSN 761-7563. There is an army of potentially productive people who are trained and skilled waiting to demonstrate their ability to serve your needs.



Kenneth J. Oscar
Deputy Assistant Secretary of the Army
(Procurement)

ARMY ACQUISITION REFORM

Issue 49

5 March 1997

TEAMING FOR SUCCESS

With the closure of Self Service Supply Centers (SSSCs) at Army installations, organizations are faced with the problem of getting needed supplies with the same convenience as before. An innovative solution first surfaced at Fort Bragg, NC. The Post Commander entered into a no-cost agreement with the *National Industries for the Blind (NIB)*, one of the non-profit agencies of the JWOD (Javits-Wagner-O'Day) Act Program, to operate a store on the installation. The result has been an overwhelming success and the benefits, i.e. savings of manpower and operating costs, reduced cycle time, lower item costs, etc., have led other installations to negotiate similar agreements. Additionally, the stores encourage use of the government credit card, thereby multiplying the savings. For more information on NIB-operated SSSCs, please call Mr. Ed Gagne at NIB, (703) 578-8374 or Mr. Raymond Kelly, HQDA at DSN 761-7563 or (703) 681-7563 or (email) kellyr@sarda.army.mil.

PM, CE/MHE Initiates "Exchange for Credit"

The Product Manager for Construction Equipment and Materials Handling Equipment (PM CE/MHE), Army Tank-Automotive and Armaments Command (TACOM), initiated a program using the *"Exchange of Nonexcess Personal Property"* regulations to allow exchange of old, D7F bulldozer engines for credit when the engines are replaced during a rebuild operation. The TACOM Acquisition Center negotiated the exchange credit prices and provisions with the contractor, Caterpillar, generating cost savings on the program of approximately \$1500 for credit on the old engine and cost avoidance of approximately \$2,000 per engine, the cost which would have been charged if the old engine were shipped back to the owning unit. This money will instead be used to fund additional rebuilds and related work effort. This program has the potential to realize a substantial cost savings and avoidance for the Army. The first engine exchange for credit occurred in December 1996. The credit program will proceed based on the demand for the older engines in the private sector. This contract, containing the exchange clause, extends into 1998, and there are approximately 600 engines that may qualify for exchange.

ARMY ACQUISITION WEBSITE :

Encl 3

SUGGESTIONS FOR DOC

- Make full use of GSA Advantage, DLA Prime Vendor and Maintenance, Repair and Operating (MRO), and other contractual vehicles already in place, such as Navy's Tactical Advanced Computer Project BPA for Information Technology.
- Use Acquisition Letter 96-3 procedure to establish simplified BPAs for micropurchases; or, if appropriate, use Basic Ordering Agreements (BOAs) or other contractual instruments. (To maximize buying power, establish one agreement, based on competitive bids, for each commodity or group of commodities in lieu of several agreements for the same commodity.)
- Negotiate list/catalog price discounts or firm unit prices.
- Educate customers on electronic shopping services available on the web (See Virtual Shopping on SARDA Home Page).
- Use BPA provisions contained in all Federal Supply Schedule (FSS) contracts that permit schedule users and contractors to set up accounts to fill recurring requirements.
- Maximize use of GSA's Multiple Award schedule for Office Supplies, Next Day Delivery (Boise Cascade Office Products, BT Office Products International, Corporate Express Inc., Innovative Sales Brokers Inc., Office Depot, and Staples National Advantage). Schedule includes mandatory source items.
- Use new FSS Program's simplified ordering procedures:
 - Review 3 price lists (when over \$2500)
 - Determine the Best Value
 - Place the order
- Increase use of the IMPAC for contract/order payments
- Explore establishment of a NIB Supply Store
 - NIB Stores at Forts Bragg and Drum have proven successful
 - Advantages of NIB Stores:
 - Immediate fulfillment of supply needs
 - Reduced paperwork
 - Large selection of authorized items
 - Liberal return policy
 - Government manpower not used
 - Recycles items, e.g., toner cartridges
 - Fulfills requirements of Javits-Wagner-O'Day program

Encl 4

AFRM-RI-PS (SAFM-FO/21 Feb 97) (310-2d) 1st End
SUBJECT: Prompt Payment Act (PPA) Interest

COMMANDER, U.S. ARMY FORCES COMMAND, 1777 HARDEE AVE, SW, FORT
MCPHERSON, GA 30330-1062 11 MAR 1997

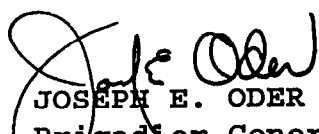
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1. Interest penalty charges can not be charged to the Defense Working Capital Fund. This means that installations will be responsible for interest penalty charges incurred as a result of not only their own actions, but also those of the DAO/OPLOC. Enclosed memorandum provides for an exception to this for contract payments processed at Indianapolis and Columbus Centers. Interest penalty charges at these centers will be paid by a central fund established at HQDA...the Army still pays for DFAS errors.

2. Both ASA(FM&C) and FORSCOM DCSRE have fought this issue for over a year. Short of legislative change, there is no alternative to the established procedures.

3. Forces Command point of contact is Ms. Raelene Wilson,
DSN 367-5319.

Encl


JOSEPH E. ODER
Brigadier General, USA
Deputy Chief of Staff for
Resources and Evaluation

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REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON DC 20310-0109

February 21, 1997



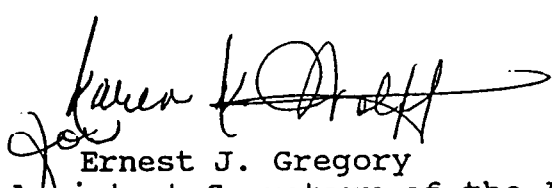
MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Prompt Payment Act (PPA) Interest

In accordance with the Under Secretary of Defense (Comptroller) guidance, the Army has established a restricted open allotment for PPA interest penalties incurred through contract payment processes at the Indianapolis and Columbus Centers only. Vendor pay activities at the DAO's, FAO's, and OPLOC's are not authorized to use this allotment. These paying offices are to cite the fund cite on the contract or as provided by the administering activity, regardless of who is at fault.

The Army has fought this issue for over a year. However, short of a legislative change, DFAS cannot charge interest penalties to the Defense Working Capital Fund. In order to prevent the continued accumulation of interest penalties, the Assistant Secretary of the Army (Financial Management and Comptroller) agreed to the procedures described above.

My POC is Justine Landrum, DSN 223-5670 or commercial (703) 693-5670.


Ernest J. Gregory
Deputy Assistant Secretary of the Army
(Financial Operations)

DISTRIBUTION:

Office, Secretary of the Army, ATTN: SAAA-RM, Washington, DC
20310-0105

Commander-in-Chief, U.S. Army Europe and Seventh Army,
ATTN: AEAGF-RM, APO AE 09014

Commander:

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30330-6000

Eighth U.S. Army, ATTN: EARM, Unit #15236 APO AP 96205-0009

U.S. Army Materiel Command, ATTN: AMCRM, 5001 Eisenhower Ave,
Alexandria, VA 22333-0001

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